

Message Text

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ACTION XMB-07

INFO OCT-01 EUR-25 ADP-00 EB-11 TRSE-00 L-03 CIAE-00

INR-10 NSAE-00 RSC-01 RSR-01 /059 W

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R 201640 Z JUN 73

FM AMEMBASSY BERN

TO SECSTATE WASHDC 7876

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E. O. 11652: N/ A

TAGS: ETRD, SZ

SUBJ: WITHHOLDING TAXES ON INTEREST PAYMENTS: EXIMBANK CFF
PROGRAM

REF: STATE 108425 AND PREVIOUS

1. FOLLOWING RECEIPT REFTEL, EMBASSY DISCUSSED EFFECT OF SWISS ANTICIPATORY TAX ON CFF LOANS WITH DR. KURT LOCHER, DIRECTOR OF SWISS TAX ADMINISTRATION, AND GAVE HIM PAPER, BASED ON REFTEL AND STATE' S 013492, FOR CLOSER STUDY. MOREOVER, EMBASSY GAVE LOCHER COPY OF EXIMANK PUBLICATIONS HAVING INFORMATION ON CFF.
2. LOCHER HAS ASKED FOR COPIES OF FORMS USED IN PROCESSING CFF LOANS SO THAT HE MIGHT OBTAIN BETTER UNDERSTANDING OF CFF PROCEDURES. EMBASSY HAS REFERRED HIM TO SPECIMEN FORMS IN " COOPERATIVE FINANCING FACILITY: PRINCIPLES AND PROCEDURES," PUBLISHED BY EXIMBANK ON MAY 15, 1972.
3. ACTION REQUESTED: PLEASE TRANSMIT SPECIMENS OF ANY ADDITIONAL FORMS THAT WOULD ASSIST LOCHER IN UNDERSTANDING CFF PROGRAM.
4. IN ADDITION TO SWISS TAX ADMINISTRATION, SWISS NATIONAL BANK WOULD HAVE AN IMPORTANT INTEREST IN CFF

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PROGRAM. INTEREST OF SWISS FEDERAL DEPT OF FINANCE AND CUSTOMS IS MINOR. EMBASSY HAS REFRAINED FROM CONTACTING EITHER SWISS NATIONAL BANK OR SWISS FEDERAL DEPT OF FINANCE AND CUSTOMS ON EFFECT OF SWISS ANTICIPATORY TAX ON CFF PROGRAM IN SWITZERLAND BECAUSE WE SUSPECT THAT SWISS MONETARY AUTHORITIES WOULD BE UNSYMPATHETIC TO EXIMBANK' S CASE. OUT OF CONCERN OVER DOMESTIC INFLATION (RETAIL PRICE INCREASE DURING 1973 SHOULD APPROXIMATE 10 PERCENT), SWISS AUTHORITIES ARE MAKING EVERY EFFORT THEY CONSIDER FEASIBLE TO CONTROL CREDIT TIGHTLY. IN CIRCUMSTANCES EMBASSY DOUBTS THAT THEY WOULD BE WILLING TO SUPPORT ALTERATION IN SWISS TAX PRACTICES THAT WOULD HAVE EFFECT OF ENCOURAGING EXPANSION OF SWISS CREDIT BASE.
DAVIS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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